

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APPLICATION BY HARRISON COUNTY RURAL)  
ELECTRIC COOPERATIVE CORPORATION ) CASE NO. 9342  
FOR AN ADJUSTMENT OF RATES )

O R D E R

IT IS ORDERED that Harrison County Rural Electric Cooperative Corporation ("Harrison County") shall file an original and 12 copies of the following information with this Commission, with a copy to all parties of record, by October 31, 1985. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to insure that it is legible. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

1. Provide a list of each Distribution Plant Project closed to Electric Plant in Service accounts since December 31, 1984, costing in excess of \$10,000. Also, show the amount, and a description of the purpose of the project. Reference the Case Number of projects approved by the Commission.

2. Provide a list of May 31, 1985, CWIP projects expected to cost in excess of \$10,000, along with the projected total cost amount and a description of the purpose of the project. Reference the Case Number of projects approved by the Commission.

3. Provide a description of how Harrison County's deferred sick leave benefits program is accounted for. Include the journal entries made to accrue the benefits and to pay out the benefit at the time the employee leaves.

4. With reference to Exhibit B, Schedule No. 1, the adjustment of revenue from rates provides the following information:

- a. The workpapers showing the derivation of the \$15,811 proposed adjustment for sales made during the test year but recorded outside test year.
- b. The workpapers showing the derivation of the \$256,295 adjustments to decrease base rate revenues and increase the fuel adjustment revenue.

5. With reference to Exhibit B, Schedule 2, pages 2-3, state the date the funds associated with the following Notes were drawn down:

- a. REA Notes 1H270
- b. CFC Note 46-9022

6. Why do the depreciation rates shown on page 7 of the 1984 Audit Report submitted in response to Item No. 3 of the Commission's first request differ from those shown on page 4 of the 1984 Annual Report to the Commission?

7. With reference to Exhibit J of the Application wherein the calculation of Net Investment Rate Base is presented using test year-end balances of materials and supplies and prepaids, provide any evidence deemed appropriate as to why a 13-month

average should not be used to minimize the effects of fluctuations in these accounts.

8. With reference to Exhibit B, Schedule 5, Data Processing adjustment of \$9,205, describe any cost savings resulting from the installation of the Sperry Univac-400 On-Line Billing System and how they were taken into consideration in arriving at the adjustment. If there were no cost savings, explain why it was advantageous to install the system.

9. With reference to Exhibit B, Schedule 6 of the Application, the base wage calculation is based upon "personnel employed as of May 3, 1984, at wage rates effective November 1, 1984." Why were these effective dates selected for use in calculating the wage adjustments? Also, provide the workpapers supporting the \$773,362 amount for base wages and the \$56,301 in overtime wages.

10. With reference to Item No. 7 of the Commission's first request, page 3, describe the factors resulting in the increase in ratio of salaries and wages expensed to total wages during the period 1980-1984.

11. With reference to Item No. 13, page 1 of the Commission's first request, state the reasons for the 21.5 percent increase in Account No. 367--Overhead Conductors and Devices, and the 16 percent increase in Account No. 370--Meters.

12. With reference to the response to Item No. 20, provide an analysis of directors' fees and expenses broken down into the following categories. For each category, provide a description of Harrison County's policy for payment.

- a. Directors' fees for attendance at board meetings.
- b. Fees for attending meetings other than board meetings.
- c. Travel and mileage reimbursement.
- d. Lodging/meals reimbursement.
- e. Reimbursement in excess of actual out-of-pocket cost.
- f. Other.

13. With reference to Exhibit B, Schedule 7, state the source(s) relied upon to determine the 7.6 percent average interest rate at the end of the test period.

14. Referring to Exhibit G, Schedule 1, page 6, reconcile the difference between the \$206,409.58 of normalized revenue and the \$213,194.67 of normalized revenue.

15. Provide the test year actual purchased power expense, broken down by the type of charge: energy, demand, load center and FAC.

16. Provide the purchased power expense normalized for current East Kentucky Power rates. Show supporting calculations.

17. Refer to Mr. Adkins' testimony, Schedule D, page 2 of 4. Explain how the peak demands for each rate class, as shown in Column 2, were determined. Include all supporting workpapers and calculations.

18. Provide all supporting workpapers used to develop Schedule A through D.

19. Does Harrison County follow the depreciation rates and procedures as described in REA Bulletin 183-1?

20. Provide information for plotting the depreciation guideline curves in accordance with REA Bulletin 183-1. Furnish the data in the format shown on the attached Data Sheet No. 1.

21. Does Harrison County propose any changes in depreciation rates?

22. Furnish a list of depreciation expenses in the format shown on the attached Data Sheet No. 2.

Done at Frankfort, Kentucky, this 17th day of October, 1985.

PUBLIC SERVICE COMMISSION

Richard D. DeMant  
For the Commission

ATTEST:

Secretary